

**BOARD OF COOPERATIVE EDUCATIONAL
SERVICES FIRST SUPERVISORY DISTRICT
OF MONROE COUNTY, NEW YORK
BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2025**



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
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INDEPENDENT AUDITORS' REPORT

To the Board Members
Board of Cooperative Educational Services
First Supervisory District of Monroe County

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Board of Cooperative Educational Services First Supervisory District of Monroe County, New York (the BOCES), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the BOCES as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BOCES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The BOCES management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the BOCES' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BOCES' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BOCES' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in BOCES' total OPEB liability and related ratio, schedule of the BOCES' proportionate share of the net pension liability, schedule of BOCES contributions, and budgetary comparison information on pages 4-13 and 47-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

As described in Note II to the financial statements, the BOCES adopted GASB Statement No. 101, *Compensated Absences*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2025 on our consideration of the BOCES internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES internal control over financial reporting and compliance.

Rochester, New York
October 6, 2025

Mengel, Metzger, Barw & Co. LLP

Management Discussion and Analysis
Board of Educational Services
First Supervisory District of Monroe County
Fiscal Year-ended June 30, 2025

This section of the Board of Educational Services First Supervisory District of Monroe County's (the BOCES) annual financial report presents its discussion and analysis of the BOCES' financial performance during the fiscal year-ended June 30, 2025. Please read it in conjunction with the BOCES' financial statements, which immediately follow this section.

Financial Highlights

The year-end surplus distribution to be returned to the Monroe #1 BOCES constituents decreased to \$7,000,238 from \$7,882,846. This distribution is 3.43% of the year-end budget; which is within the targeted range for year-end surplus, per our guidelines. Our year-end surplus was primarily generated due to decreased spending across the organization. It is important to note that the year-end distribution would have been larger but the Monroe #1 BOCES funded the previously established Retirement Contribution Reserve Fund and Liability Reserve Fund. The Retirement Contribution Reserve Fund's purpose is to set aside funds now to offset increases in both the New York State Employee Retirement System (ERS) and the New York State Teachers Retirement System (TRS) rates. The reserve was funded with \$1,000,000 per Board resolution allocated as follows \$125,000 (TRS) and \$875,000 for ERS. The Liability Reserve Fund allows Monroe #1 BOCES to set aside funds for potential liability claims and was funded with \$275,000 per Board resolutions.

BOCES total liabilities (what is owed) exceeded its total assets (what is owned) by (\$165,236,355). This is an increase of \$14,673,381, from the prior year. This increase is attributable to continued reporting of other postemployment benefits. We report our pension assets and liabilities on the government-wide financial statements and the pension assets, liabilities, deferred pension outflows and inflows decreased \$2,359,303 from the prior year. Additionally, the BOCES continues to make facility improvements and purchase technology and other equipment on behalf of our districts. Capital assets are reported on our government-wide financial statements and increased \$3,137,815 from the prior year.

BOCES governmental funds listed combined fund balances of (\$13,764,781) an increase of \$7,290,898 when compared to the prior year. This increase is due to a restatement of the prior year's fund balance due to the continued implementation of GASB 87 and the implementation of GASB 96. GASB 87 requires an entity that prepays a lease to remove the revenue and put the calculations in the deferred inflow to amortize it over the life of the asset; which creates an artificial deficit in the General Fund. The BOCES currently has one capital project in process and is expending funds on it.

The Adult Education Program is currently operating with a deficit fund balance of \$213,336. The program experienced a decrease in enrollment. The COVID 19 Pandemic affected Adult Education as enrollment decreased. The BOCES Board of Education approved pausing this program for the 2022-2023 school year due to the decreased enrollment, flat reimbursement rates and increase in expenses; which has resulted in a significant shortfall of funds for several years.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- Fiduciary funds statements provide information about the financial relationships in which the BOCES acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the BOCES' budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

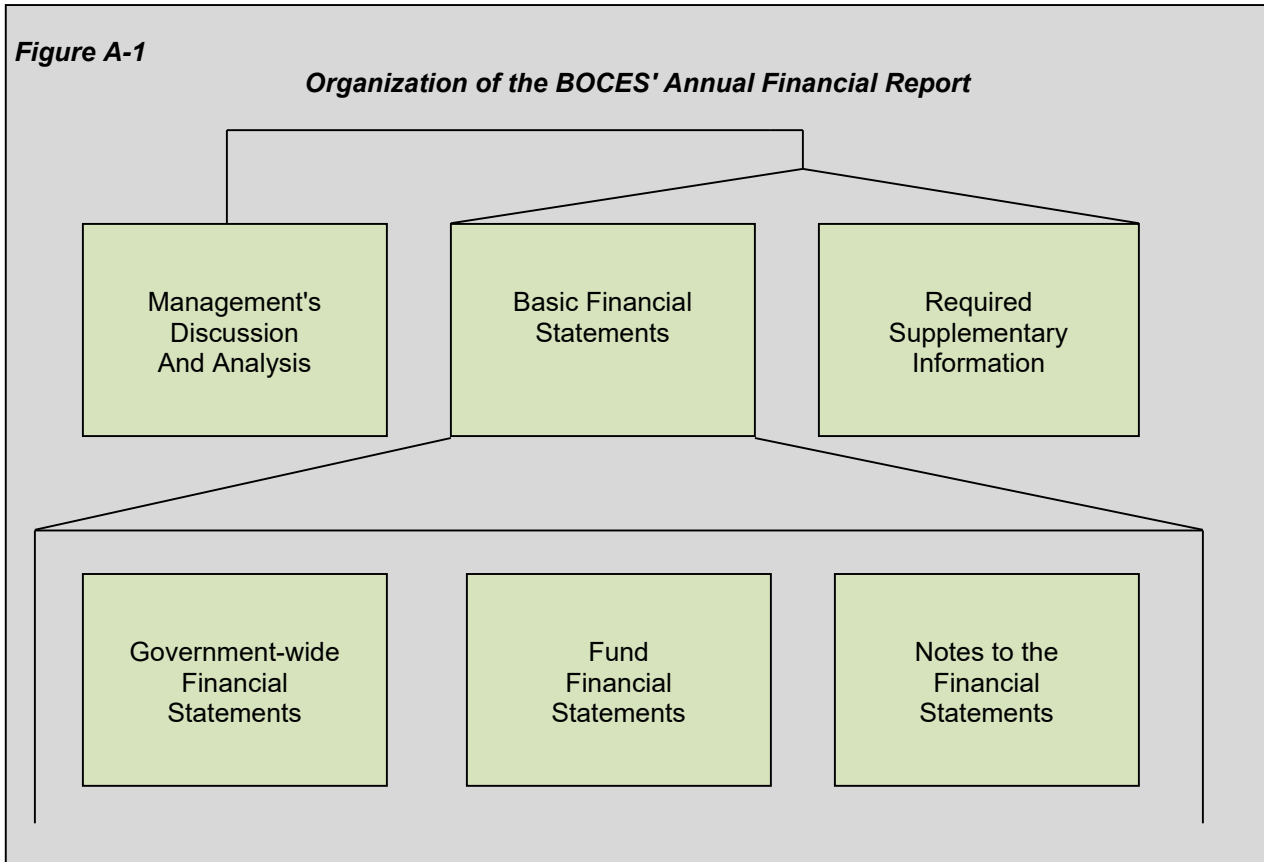


Figure A-2 summarizes the major features of the BOCES' financial statements, including the portion of the BOCES' activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Government-wide and Financial Statements			
		Fund Financial Statements	
	Government-Wide Statements	Government Funds	Fiduciary Funds
Scope	Entire BOCES (except fiduciary fund)	The activities of the BOCES that are not proprietary or fiduciary	Instances in which the BOCES administers recourse on behalf of someone else, such as student activities money
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position-fiduciary fund • Statement of changes in net position-fiduciary fund
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Types of asset/liability information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital short-term and long-term	Generally assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter, generally no capital assets or long term liabilities included	All assets and liabilities, both short-term and long-term, funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenditures during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon thereafter end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the BOCES as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the BOCES' assets and liabilities. All of the current year's revenues and expenditures are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the BOCES' net position and how it has changed. Net position is the difference between the BOCES' assets and liabilities. To assess the BOCES' overall health, you need to consider non-financial factors such as changes in the BOCES' programs and the condition of school buildings and other facilities.

In the government-wide financial statements, the BOCES' activities are shown as governmental activities. Most of the BOCES' basic services are included here, such as regular and special education and administration. Grants and charges to component and non-component units finance these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the BOCES' funds, focusing on its most significant or "major" funds - not the BOCES as a whole. Funds are accounting devices the BOCES uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law while the BOCES establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (such as Federal grants).
- The BOCES currently uses the General Fund to track Co-Ser expenditures, the Special Aid Fund to track federal and state grant program revenues and expenditures, the Capital Fund to track capital building projects, the School Lunch Fund to track our school lunch program and the Trust and Agency Fund to track payroll and fiduciary related payments.

The BOCES has two types of funds:

- **Governmental Funds:** Most of the BOCES' basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information reported on the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position explains the relationship (or differences) between them.
- **Fiduciary Funds:** The BOCES is the trustee, or fiduciary, for assets that belong to others, such as student activities funds. The BOCES is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The BOCES excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the BOCES as a Whole

The BOCES' "Statement of Net Position" represents a snapshot in time of all that is owned minus all that is owed. Since the BOCES is very limited in the financial resources that can be left over at the end of any given school year, the largest component of the year-ending net assets is a reflection of investment in capital assets less any outstanding debt on those assets. These capital assets, although reflected in the Statement of Net Position, are generally not available for spending, for they are used to provide services to students.

Current assets, those assets available for use in paying liabilities, totaled \$ 78,756,962 at year’s end. Receivables make up the majority of these current assets, primarily the state aid receivable, which will simply be taken in and then distributed to component school districts in the fall. The second largest category of current assets is cash and cash equivalents.

Current liabilities stand at \$50,180,127 at the close of the year. Much of this liability is due to component school districts in the form of state aid that once received will be paid to them.

Figure A-3

Condensed Statement of Net Position
(in thousands of dollars)

	<u>Governmental Activities</u>		Total Percentage Change
	<u>2025</u>	<u>2024</u>	
<u>ASSETS:</u>			
Current and Other Assets	\$ 78,757	\$ 69,856	12.74%
Capital Assets	67,333	64,195	4.89%
Total Assets	\$ 146,090	\$ 134,051	8.98%
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 33,096	\$ 35,520	-6.82%
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 169,671	\$ 139,857	21.32%
Other Liabilities	38,743	38,774	-0.08%
Total Liabilities	\$ 208,414	\$ 178,631	16.67%
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 136,008	\$ 141,503	-3.88%
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 53,079	\$ 54,025	-1.75%
<u>Restricted For,</u>			
Unemployment Reserve	433	430	0.70%
Retirement Contribution Reserve	9,473	9,358	1.23%
Teacher Retirement Contribution Reserve	3,567	3,441	3.66%
Liability Reserve	275	-	100.00%
Accrued Benefit Liability Reserve	2,200	1,040	111.54%
Capital Reserve	1,244	1,185	4.98%
Scholarships	74	70	5.71%
Unrestricted	(235,581)	(220,112)	7.03%
Total Net Position	\$ (165,236)	\$ (150,563)	9.75%

Figure A-4

**Changes in Net Position
(in thousands of dollars)**

	<u>Governmental Activities</u>		<u>Total Percentage Variance</u>
	<u>2025</u>	<u>2024</u>	
REVENUES:			
<u>Program -</u>			
Charges for Service	\$ 192,616	\$ 184,712	4.28%
Operating Grants & Contributions	4,001	3,896	2.70%
Total Program	\$ 196,617	\$ 188,608	4.25%
<u>General -</u>			
Investment Earnings	\$ 726	\$ 928	-21.77%
Miscellaneous	339	73	364.38%
Total General	\$ 1,065	\$ 1,001	6.39%
TOTAL REVENUES	\$ 197,682	\$ 189,609	4.26%
EXPENSES:			
Administration	\$ 6,705	\$ 7,041	-4.77%
Career and Tech Education	10,753	10,774	-0.19%
Instruction for the Handicapped	71,961	69,989	2.82%
Itinerant Services	24,243	23,813	1.81%
General Information	4,391	2,765	58.81%
Instructional Support	19,114	20,816	-8.18%
Other Services	58,463	42,443	37.74%
School Lunch	642	696	-7.76%
Interest	378	387	100.00%
TOTAL EXPENSES	\$ 196,650	\$ 178,724	10.03%
INCREASE (DECREASE) IN NET POSITION	\$ 1,032	\$ 10,885	-90.52%

Figure A-5

Net Cost of Governmental Activities (in thousands of dollars)						
	Total Cost of Services			Net Cost of Services		
	2025	2024	% Change	2025	2024	% Change
Administration	\$ 6,705	\$ 7,041	-4.77%	\$ 147	\$ 561	-73.80%
Career and Tech Education	10,753	10,774	-0.19%	(155)	(347)	-55.33%
Instruction for the Handicapped	71,961	69,989	2.82%	295	(300)	-198.33%
Itinerant Services	24,243	23,813	1.81%	2,838	2,783	1.98%
General Information	4,391	2,765	58.81%	153	131	16.79%
Instructional Support	19,114	20,816	-8.18%	98	2,193	-95.53%
Other Services	58,463	42,443	37.74%	(2,933)	5,430	-154.01%
School Lunch	642	696	-7.76%	(98)	(180)	-45.56%
Interest	378	387	0.00%	(378)	(387)	0.00%
Total	\$ 196,650	\$ 178,724	10.03%	\$ (33)	\$ 9,884	-100.33%

Financial Analysis of The BOCES Funds

The overall financial performance of Monroe #1 BOCES is represented by the performance of its governmental funds. For the year-ended June 30, 2025, the combined fund balance of all governmental funds was (\$13,764,781), which is less than the previous year's reported combined ending fund balance of (\$6,473,883).

General Fund Budgetary Highlights

The general fund original budget figure was \$176,191,612. The final amended general fund budget stood at \$203,935,503. This difference of \$27,743,891 was due primarily to increases in service requests over and above school districts' original requests. The major areas of additional request are in the area of technology equipment for both instructional and administrative purposes.

Capital Asset and Debt Administration

Capital Assets

Current plans for capital improvements do not include any expenditure from borrowed funds. The Monroe #1 BOCES five-year capital asset plan includes repairs and reconstruction projects that will be financed by the yearly capital portion of the administrative budget and an unanimously approved Inter-Municipal Agreement by all ten component school districts.

At the close of the school year-ended June 30, 2025 Monroe #1 BOCES capital assets, net of accumulated depreciation, totaled \$67,332,705. This is an increase of \$3,137,815 from the prior year. This increase is attributable to purchase of equipment and capital improvement expenditures in excess of the current year depreciation.

Monroe #1 BOCES is committed to continued monitoring of this equipment and will persist in recording and accounting for the multitude of capital assets that are located in the component districts.

Figure A-6

Capital Assets and Lease Assets, Net
(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
Capital Assets:		
Land	\$ 659	\$ 659
Work in Progress	1,215	165
Buildings and Improvements	39,503	40,413
Machinery and Equipment	21,194	17,289
Total Capital Assets	\$ 62,571	\$ 58,526
Lease & Subscription IT Assets:		
Buildings	\$ 3,977	\$ 4,752
Subscription IT Assets	785	916
Total Lease & Subscription IT Assets	\$ 4,762	\$ 5,668

Long-Term Obligations

At June 30, 2025, the BOCES' long-term obligations consist of installment purchase debt maturing through 2025, pension and other postemployment benefit liabilities. We are experiencing an increase in our components entering into long-term leases for technology purchases.

Figure A-7

Outstanding Long-Term Debt
(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
Installment Purchase Debt	\$ 9,223	\$ 4,329
Lease Liability	4,452	5,096
SBITA's	540	746
Net Pension Liability	15,282	16,391
OPEB Liability	122,449	111,192
Retainage Payable	39	-
Compensated Absences	17,686	2,103
Total Long-Term Obligations	\$ 169,671	\$ 139,857

Factors Bearing on the BOCES' Future

During the 2024-2025, Monroe #1 BOCES did not participate in active collective bargaining negotiations. Contracts expire as follows: BOCES United Support Staff June 30, 2026, BOCES United Professionals Association June 30, 2026; BOCES Paraprofessionals, June 30, 2027; BOCES Administrative and Supervisory Association, June 30, 2028 and BOCES Professional Staff Personnel, June 30, 2027.

The BOCES Audit Committee was implemented because of the Five Point Plan enacted by the New York State Comptroller in conjunction with the state legislature, as an internal audit function. The Committee determined that the internal auditor would conduct an annual risk assessment and perform a detailed investigation of a focus area every other year. This focus area would be determined based on the recommendations of the risk assessment. A focus audit of Transportation Billing was conducted in the 2024-2025 school year.

The Monroe #1 BOCES continues its initiative in improving its facilities. Component school districts are providing \$2.9 million of funding in 2025-26 toward capital improvements of the facilities. We have collaborated with the Board of Education Facilities Committee to strategize ongoing capital improvements.

Additionally, the Board approved a Capital Improvement Project for \$6.2 million in 2023-2024. The 2024-2026 Capital Improvement Project consists of renovations, alterations and improvements to the buildings and facilities located at the BOCES campus on O'Connor Road, Fairport, New York (the "Campus") and the Harris Building located on Baird Road, Fairport, New York ("Harris"), including but not limited to:

- Bathroom Reconstruction at both locations
- Electrical Upgrades at the Foreman Center
- Hallway flooring, ceiling, and lighting upgrades at the Foreman Center
- Classroom reconstruction at the Foreman Center
- Audiology Booths and Office Space at the Harris Building

The Monroe #1 BOCES continues its use of a decentralized budgeting process, involving many more people in the actual administration of the budget. Through training and targeted guidance from the director of budgets, budget analysts, and other finance department staff, program administrators are able to fully understand the components of their budgets, use that knowledge to create their individual program budgets, and then monitor and adjust those budgets as necessary throughout the school year.

The Board created a Management Steering Committee, consisting of two component school district superintendents, three component school district business officials and BOCES administrative personnel. The Committee is discussing and offering counsel in several management areas that directly impact the BOCES financial position. The following are examples of management issues currently being discussed by the committee: Capital Building Needs, Budgeting and Forecasting, and Program Space Requirements. Four additional steering committees (Special Education, Technology, Instruction and CTE) also continue their work on issues that have significant impact on BOCES operations and/or financial position.

Our RIC (Regional Information Center) services include enhanced coordination of technology purchasing for all 19 Monroe County school districts along with providing services for both financial and student management software for those districts. The BOCES will continue to monitor its effectiveness and will adjust where deemed appropriate.

Legislation was passed, allowing BOCES capital projects to be excluded from the Tax Cap calculation for the component districts. Although Monroe #1 BOCES does not have any plans to borrow funds for an upcoming capital project, this legislation is beneficial for both the BOCES and the component districts.

Contacting the BOCES' Financial Management

This financial report is designed to provide BOCES' customers and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Board of Educational Service First Supervisory District of Monroe County, 41 O'Connor Road, Fairport, NY 14450.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY**

Statement of Net Position

June 30, 2025

		Governmental Activities
ASSETS		
Cash and cash equivalents	\$	23,356,336
Accounts receivable		30,665,504
Due from Districts		18,871,845
Inventories		22,899
Prepaid items		262,063
Net pension asset		5,578,315
Capital Assets:		
Land		659,079
Work in progress		1,214,657
Other capital assets (net of depreciation)		65,458,969
TOTAL ASSETS	\$	146,089,667
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources	\$	33,095,766
LIABILITIES		
Accounts payable	\$	3,074,635
Accrued liabilities		2,556,561
Unearned revenue		96,648
Due to other governments		741
State aid due to districts		20,059,533
Due to school districts		7,000,405
Due to teachers' retirement system		4,425,677
Due to employees' retirement system		1,528,438
Long-Term Obligations:		
Due in one year		11,437,489
Due in more than one year		158,233,297
TOTAL LIABILITIES	\$	208,413,424
DEFERRED INFLOW OF RESOURCES		
Deferred inflow of resources	\$	136,008,364
NET POSITION		
Net investment in capital assets	\$	53,079,092
Restricted For:		
Capital reserve		1,244,083
Unemployment reserve		433,062
Retirement contribution reserve - ERS		9,472,818
Retirement contribution reserve - TRS		3,566,728
Liability reserve		275,000
Employee benefit accrued liability reserve		2,200,000
Scholarships		74,352
Unrestricted		(235,581,490)
TOTAL NET POSITION	\$	(165,236,355)

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY**

Statement of Activities

For Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Primary Government -</u>		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Administration	\$ 6,705,334	\$ 6,852,023	\$ -	\$ 146,689
Career & tech education	10,752,773	10,311,655	286,595	(154,523)
Instruction for the handicapped	71,960,591	69,877,704	2,377,947	295,060
Itinerant services	24,242,795	27,080,423	-	2,837,628
General instruction	4,390,866	4,544,289	-	153,423
Instructional support	19,114,382	18,418,469	794,351	98,438
Other services	58,463,209	55,496,553	33,366	(2,933,290)
School lunch	642,011	34,860	509,098	(98,053)
Interest	377,912	-	-	(377,912)
Total Primary Government	\$ 196,649,873	\$ 192,615,976	\$ 4,001,357	\$ (32,540)
 General Revenues:				
				\$ 726,210
				338,713
				\$ 1,064,923
				\$ 1,032,383
				\$ (150,562,974)
				(15,705,764)
				\$ (166,268,738)
				\$ (165,236,355)

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2025**

	Major	Nonmajor	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash and cash equivalents	\$ 16,228,364	\$ 7,127,972	\$ 23,356,336
Due from other funds	1,318,225	19,156	1,337,381
Receivables	29,096,108	1,569,396	30,665,504
Due from districts	18,880,105	(8,260)	18,871,845
Inventories	-	22,899	22,899
Prepaid items	262,063	-	262,063
TOTAL ASSETS	\$ 65,784,865	\$ 8,731,163	\$ 74,516,028
LIABILITIES DEFERRED INFLOWS AND FUND BALANCE			
Liabilities -			
Accounts payable	\$ 2,810,929	\$ 263,706	\$ 3,074,635
Accrued liabilities	2,547,720	8,841	2,556,561
Due to other funds	19,156	1,318,225	1,337,381
Due to other governments	741	-	741
State aid due to districts	20,059,533	-	20,059,533
Due to districts	7,000,405	-	7,000,405
Due to TRS	4,425,677	-	4,425,677
Due to ERS	1,528,438	-	1,528,438
Unearned revenues	-	96,648	96,648
TOTAL LIABILITIES	\$ 38,392,599	\$ 1,687,420	\$ 40,080,019
Deferred Inflows -			
Deferred inflows of resources	\$ 48,200,790	\$ -	\$ 48,200,790
Fund Balances -			
Nonspendable	\$ 262,063	\$ 22,899	\$ 284,962
Restricted	17,266,043	-	17,266,043
Assigned	-	7,020,844	7,020,844
Unassigned	(38,336,630)	-	(38,336,630)
TOTAL FUND BALANCE	\$ (20,808,524)	\$ 7,043,743	\$ (13,764,781)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 65,784,865	\$ 8,731,163	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

67,332,705

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

Lease Liability	(4,451,769)
SBITA's	(539,946)
Retainage Payable	(39,322)
OPEB Liability	(122,449,261)
Compensated Absences	(17,686,128)
Installment Purchase Debt	(9,222,576)
Net Pension Asset	5,578,315
Deferred Outflow of Resources - pension	21,486,972
Deferred Outflow of Resources - OPEB	11,608,794
Net Pension Liability	(15,281,784)
Deferred Inflow of Resources - pension	(8,074,063)
Deferred Inflow of Resources - OPEB	(79,733,511)

Net Position of Governmental Activities

\$ (165,236,355)

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2025

	<u>Major</u>	<u>Formerly</u> <u>Major</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
REVENUES				
Charges for services	\$ 63,119	\$ -	\$ 44,075	\$ 107,194
Charges to components	129,320,374	-	2,778,583	132,098,957
Charges to non-components and other BOCES	63,066,978	-	2,206,060	65,273,038
Interest and earnings	475,178	-	229,304	704,482
Sale of property and compensation for loss	308,188	-	-	308,188
Miscellaneous	1,596,575	-	150,794	1,747,369
Interfund revenues	46,704	-	1,880,898	1,927,602
Sales (school lunch)	-	-	34,765	34,765
State sources	-	-	3,215,704	3,215,704
Federal sources	-	-	785,653	785,653
TOTAL REVENUES	\$ 194,877,116	\$ -	\$ 11,325,836	\$ 206,202,952
EXPENDITURES				
Administration	\$ 5,923,502	\$ -	\$ -	\$ 5,923,502
Career and tech education	10,244,389	-	330,670	10,575,059
Instruction for the handicapped	64,837,553	-	7,030,256	71,867,809
Itinerant services	27,053,666	-	-	27,053,666
General instruction	4,545,731	-	-	4,545,731
Instructional support	18,567,836	-	804,147	19,371,983
Other services	59,788,292	-	121,107	59,909,399
Cost of sales	-	-	254,852	254,852
Other expenses	-	-	429,424	429,424
Capital outlay	-	-	11,028,122	11,028,122
Debt service principal	5,724,293	-	249,323	5,973,616
Debt service interest	365,601	-	12,311	377,912
TOTAL EXPENDITURES	\$ 197,050,863	\$ -	\$ 20,260,212	\$ 217,311,075
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	\$ (2,173,747)	\$ -	\$ (8,934,376)	\$ (11,108,123)
OTHER FINANCING SOURCES (USES)				
Proceeds from obligations	-	-	\$ 10,017,598	\$ 10,017,598
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ 10,017,598	\$ 10,017,598
EXCESS (DEFICIENCY) OF REVENUES AND				
OTHER FINANCING SOURCES OVER				
EXPENDITURES AND OTHER FINANCING USES	\$ (2,173,747)	\$ -	\$ 1,083,222	\$ (1,090,525)
OTHER CHANGES IN FUND BALANCE				
Surplus to be distributed	(7,000,238)	-	-	(7,000,238)
Net change in nonspendable fund balance	(123,189)	-	-	(123,189)
Net unemployment reserve transactions	3,197	-	-	3,197
Net capital reserve transactions	59,060	-	-	59,060
Net retirement contribution reserve transactions	114,759	-	-	114,759
Net teacher's retirement reserve transactions	125,000	-	-	125,000
Net liability reserve transactions	275,000	-	-	275,000
Net change in employee accrued benefit liability reserve	1,160,044	-	-	1,160,044
Net change in other restricted fund balance	4,161	-	-	4,161
Net assigned fund balance change	(818,167)	-	-	(818,167)
FUND BALANCE, BEGINNING OF YEAR				
as previously reported	\$ (12,434,404)	\$ 5,784,349	\$ 176,172	\$ (6,473,883)
Changes within financial reporting				
entity major to nonmajor	-	(5,784,349)	5,784,349	-
FUND BALANCE, BEGINNING OF YEAR				
as adjusted	\$ (12,434,404)	\$ -	\$ 5,960,521	\$ (6,473,883)
FUND BALANCE, END OF YEAR	\$ (20,808,524)	\$ -	\$ 7,043,743	\$ (13,764,781)

(See accompanying notes to financial statements)

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY**

**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2025**

NET CHANGE IN FUND BALANCES -		
TOTAL GOVERNMENTAL FUNDS		\$ (7,290,898)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess of depreciation in the current period:</p>		
Capital Outlay	\$ 11,028,122	
Additions to Assets, Net	1,419,514	
Depreciation and Amortization	<u>(9,309,821)</u>	
		3,137,815
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:</p>		
Debt Repayments	\$ 5,973,616	
Proceeds from Obligations- Installment Purchase Debt	(8,304,766)	
Proceeds from Obligations - Lease Issuance	<u>(1,712,832)</u>	
		(4,043,982)
<p>The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.</p>		
		(39,322)
<p>The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.</p>		
		8,545,733
<p>(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds</p>		
Teachers' Retirement System		788,909
Employees' Retirement System		1,570,394
<p>In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:</p>		
Compensated Absences		<u>(1,636,266)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,032,383</u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2025**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 4,323</u>
TOTAL ASSETS	<u><u>\$ 4,323</u></u>
 NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 4,323</u>
TOTAL NET POSITION	<u><u>\$ 4,323</u></u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For Year Ended June 30, 2025**

	<u>Custodial Funds</u>
ADDITIONS	
Extraclass	<u>\$ 8,028</u>
TOTAL ADDITIONS	<u>\$ 8,028</u>
 DEDUCTIONS	
Extraclass	<u>\$ 8,586</u>
TOTAL DEDUCTIONS	<u>\$ 8,586</u>
Change in net position	\$ (558)
NET POSITION - BEGINNING	<u>4,881</u>
NET POSITION - ENDING	<u><u>\$ 4,323</u></u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF
MONROE COUNTY**

Notes To The Basic Financial Statements

June 30, 2025

I. Summary of Significant Accounting Policies:

The financial statements of the Board of Cooperative Educational Services First Supervisory District of Monroe County, New York (the BOCES) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the BOCES accounting policies are described below.

A. Reporting Entity

The BOCES is governed by the laws of New York State. The BOCES is an independent entity governed by an elected Board consisting of ten members. The President of the Board serves as the chief fiscal officer. The Board is responsible for, and controls all activities related to public school education within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Boards of Cooperative Educational Services were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services and programs to provide educational and support activities more economically, efficiently and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following ten school districts:

Brighton	Penfield
East Irondequoit	Pittsford
East Rochester Union Free	Rush-Henrietta
Fairport	Webster
Honeoye Falls-Lima	West Irondequoit

BOCES programs and services include special education, vocational education, academic and alternative programs, summer schools, staff development, computer services (management and instructional), educational communication and cooperative purchasing.

The BOCES is not a component unit of another reporting entity. The decision to include a potential component unit in the BOCES' reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the BOCES' reporting entity.

(I.) (Continued)

1. **Extraclassroom Activity Funds**

The extraclassroom activity funds of the BOCES represent funds of the students of the BOCES. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the BOCES with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Statement of Fiduciary Net Position – Custodial Fund of the BOCES. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the BOCES’ business office.

B. **Basic Financial Statements**

1. **BOCES-wide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the BOCES’ governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through state aid, sale of property and equipment, investment revenues and other miscellaneous revenues which consist primarily of refunds from other Districts. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the BOCES’ governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. **Fund Financial Statements**

The fund statements provide information about the BOCES’ funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The BOCES reports the following funds:

a. **Major Governmental Funds**

General Fund - This is the BOCES’ primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

b. **Nonmajor Governmental Funds** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

Capital Projects Fund - Used to account for the financial resources to be used for acquisition, construction, or renovation of capital facilities.

School Lunch Fund - Used to account for transactions of the BOCES’ lunch, breakfast and milk programs.

(I.) (Continued)

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

c. **Fiduciary Funds** - Fiduciary activities are those in which the BOCES acts as trustee or agent for resources that belong to others. These activities are not included in the BOCES-wide financial statements, because their resources do not belong to the BOCES, and are not available to be used.

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the BOCES as agent for various extraclassroom activity funds.

C. **Measurement Focus, Basis of Accounting**

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The BOCES-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the BOCES' policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

E. **Interfund Transactions**

The operations of the BOCES include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The BOCES typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

(I.) (Continued)

In the BOCES-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the BOCES' practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note VIII for a detailed disclosure by individual fund for interfund receivables and payables.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

G. Cash and Cash Equivalents

The BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the BOCES' investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

H. Receivables

Receivables are shown net of an allowance for uncollectible accounts, which has been provided for certain amounts that may not be collectible.

In addition, the BOCES will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

I Inventory and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid items represent payments made by the BOCES for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A nonspendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

(I.) (Continued)

J. Capital Assets

In the BOCES-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 1,500	SL	5-25 Years
Vehicles	\$ 1,500	SL	5-25 Years
Technology Equipment	\$ 1,500	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

K. Right To Use Assets

The BOCES-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 10 years based on the contract terms and/or estimated replacement of the assets.

L. Unearned Revenue

The BOCES reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the BOCES before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the BOCES has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until that time.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

In the governmental funds deferred inflows are recognized for prepayments for the right to use BOCES assets which will be amortized over the estimate use of those assets.

(I.) (Continued)

N. Vested Employee Benefits

1. Compensated Absences

The BOCES, based on policy and/or various negotiated labor or employment contracts, recognizes a liability for compensated absences for leave time that:

- (i) has been earned for services previously rendered by employees.
- (ii) has accumulated and is allowed to be carried over into subsequent years.
- (iii) is more likely than not to be used as time off or settled (for example paid in cash to the employee or as a payment to an employee 403b or medical spending account) during or upon separation from employment.

Based on the criteria listed, only vacation leave, sick leave and sick leave banks meet the qualifications to be recognized as a liability for compensated absences. The total long-term estimated liability for compensated absences is reported as incurred in the BOCES-wide financial statements. The short-term liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Consistent with GASB Statement 101, Compensated Absences, the liability has been calculated using the more likely than not to be used as leave or settled at separation method with the compensated absences liability being calculated based on the pay rates in effect at year end.

O. Other Benefits

BOCES employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the BOCES provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the BOCES' employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the BOCES and the retired employee. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

P. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the BOCES' future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

(I.) (Continued)

Q. Equity Classifications

1. BOCES-Wide Statements

In the BOCES-wide statements there are three classes of net position:

- a. Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. Restricted Net Position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$235,581,490 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. Fund Statements

In the fund basis statements there are five classifications of fund balance:

- a. Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- b. Restricted Fund Balances – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The BOCES has established the following restricted fund balances:

Teachers' Retirement Reserve – General Municipal Law §6-r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Employee Benefit Accrued Liability Reserve - as allowed by General Municipal Law §6-p, is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

(I.) (Continued)

Unemployment Insurance Reserve - as allowed by General Municipal Law §6-m, is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the BOCES elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Retirement Contribution Reserve - as allowed by General Municipal Law §6-r, is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board.

Workers' Compensation Reserve - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Unemployment Reserve	\$ 433,062
Retirement Contribution - ERS	9,472,818
Retirement Contribution - TRS	3,566,728
Liability Reserve	275,000
Capital Reserve - Career Education Instructional	
Equipment Reserve	1,244,083
Employee Benefit Accrued Liability Reserve	2,200,000
Scholarships	74,352
Total Restricted Fund Balance	<u><u>\$ 17,266,043</u></u>

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES highest level of decision making authority, i.e., the Board. The BOCES has no committed fund balances as of June 30, 2025.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the BOCES' intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the BOCES' purchasing agent through their authorization of a purchase order prior to year end. The BOCES assignment is based on the functional level of expenditures.

(I.) (Continued)

Management has determined significant encumbrances for the General Fund to be \$218,000 and \$18,000 in the Capital Projects Fund. The BOCES reports the following significant encumbrances:

<u>General Fund -</u>	
Other Services	\$ 511,751
<u>Capital Projects Fund -</u>	
Capital Outlay	\$ 3,442,117

Assigned fund balances include the following:

	<u>Total</u>
Special Aid Fund - Year End Equity	\$ 201,932
Capital Projects Fund - Year End Equity	6,660,345
School Lunch Fund - Year End Equity	158,567
Total Assigned Fund Balance	<u><u>\$ 7,020,844</u></u>

e. **Unassigned Fund Balance** –Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the BOCES. The deficit unassigned fund balance in the General Fund is a result of the BOCES recognizing the prepayment of the right to use BOCES assets as a deferred inflow of resources which will be amortized over the estimated use of that assets.

The unassigned fund balances are as follows:

<u>General Fund</u>	
Encumbrances	\$ 885,633
Deferred Inflows	(39,222,263)
Total General Unassigned Fund Balance	<u><u>\$ (38,336,630)</u></u>

3. **Order of Use of Fund Balance**

Sometimes the BOCES will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the BOCES' policy that the BOCES's Board will assess the current financial condition of the BOCES and then determine the order of application of expenditures to which fund balance classifications will be charged.

R. **New Accounting Standards**

The BOCES has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2025, the BOCES implemented the following new standards issued by GASB:

GASB has issued Statement No. 101, *Compensated Absences*.

GASB has issued Statement No. 102, *Certain Risk Disclosures*.

(I.) (Continued)

S. Future Changes in Accounting Standards

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, which will be effective for fiscal years beginning after June 15, 2025.

The BOCES will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

II. Restatement of Net Position

For the year ended June 30, 2025, the BOCES implemented GASB Statement No. 101, *Compensated Absences*. The restatement is noted on the Statement of Activities.

III. Changes in Accounting Principles

For the year ended June 30, 2025, the BOCES implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement changes the reporting for compensated absences. See Note II for the financial statement impact of implementation of the Statement.

IV. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the BOCES is subject to various federal, state and local laws and contractual regulations. An analysis of the BOCES' compliance with significant laws and regulations and demonstration of its stewardship over BOCES resources follows.

A. Budgetary Information

Section 1950 §4(b) of the Education Law required adoption of a final budget by no later than May 15, of the ensuing year.

BOCES administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of the BOCES board for the General Fund.

Appropriations for educational services are adopted at the program level and lapse at the end of each fiscal year.

A tentative administrative budget is provided to the component BOCES for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The Special Revenue Funds have not been included in the budget and actual comparison because they do not have legally authorized (appropriated) budgets.

The BOCES Board can approve budget revisions based upon requests for additional services and surplus revenues.

(IV.) (Continued)

B. Deficit Fund Balance – General Fund

The General Fund had a deficit fund balance of \$21,935,593 as a result of its prepaid lease agreements which have been recognized as deferred inflow of resources and amortized over the life of the agreements.

C. Deficit Net Position

The BOCES-wide net position had a deficit at June 30, 2025 of \$165,236,355. The deficit is the result of the implementation of GASB Statement 75, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, which required the recognition of an unfunded liability of \$122,449,261 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

V. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, BOCES investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, BOCES deposits and investments are placed with multiple institutions. The BOCES’ investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The BOCES has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

The BOCES aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized within Trust Department or Agent		10,542,789
Total	\$	<u>10,542,789</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$17,266,043 within the governmental funds.

VI. Investment Pool

The BOCES participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year end are \$16,515,651, which consisted of \$4,470,787 in repurchase agreements, \$11,367,723 in U.S. Treasury Securities, \$150,292 in FDIC insured deposits and \$526,849 in collateralized bank deposits, with various interest rates and due dates.

(VI.) (Continued)

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General Fund	\$ 10,834,789	\$ 10,834,789	NY CLASS
Capital Projects Fund	\$ 5,680,862	\$ 5,680,862	NY CLASS

VII. Receivables

Receivables at June 30, 2025 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Accounts Receivable	\$ 60,793	\$ 16,223	\$ 77,016
Leases receivable	8,977,777	-	8,977,777
Due From State and Federal	20,059,533	1,553,173	21,612,706
Allowance for Uncollectible Accounts	(1,995)	-	(1,995)
Total Receivables	\$ 29,096,108	\$ 1,569,396	\$ 30,665,504

VIII. Interfund Receivables and Payables

Interfund Receivables an Payables at June 30, 2025, were as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,318,225	\$ 19,156
Nonmajor Funds	19,156	1,318,225
Total	\$ 1,337,381	\$ 1,337,381

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

IX. Changes In Capital Assets and Lease Assets

A. Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 659,079	\$ -	\$ -	\$ 659,079
Work in progress	164,811	1,049,846	-	1,214,657
Total Nondepreciable	\$ 823,890	\$ 1,049,846	\$ -	\$ 1,873,736
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 55,578,449	\$ -	\$ -	\$ 55,578,449
Machinery and equipment	116,776,064	9,555,842	1,571,038	124,760,868
Total Depreciated Assets	\$ 172,354,513	\$ 9,555,842	\$ 1,571,038	\$ 180,339,317
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 15,164,999	\$ 910,898	\$ -	\$ 16,075,897
Machinery and equipment	99,486,826	5,526,632	1,447,032	103,566,426
Total Accumulated Depreciation	\$ 114,651,825	\$ 6,437,530	\$ 1,447,032	\$ 119,642,323
Total Capital Assets Depreciated, Net of Accumulated Depreciation	\$ 57,702,688	\$ 3,118,312	\$ 124,006	\$ 60,696,994
Total Capital Assets	\$ 58,526,578	\$ 4,168,158	\$ 124,006	\$ 62,570,730

B. Lease Assets

A summary of the lease asset activity during the year ended June 30, 2025 is as follows:

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<u>Lease Assets:</u>				
Buildings	\$ 18,160,914	\$ 1,712,418	\$ 10,537,060	\$ 9,336,272
Less Accumulated Amortization	13,408,356	2,488,450	10,537,060	5,359,746
Total Lease Assets, Net	\$ 4,752,558	\$ (776,032)	\$ -	\$ 3,976,526
<u>Subscription IT assets:</u>				
Subscription IT assets	\$ 1,424,845	\$ 253,536	\$ -	\$ 1,678,381
Less Accumulated Amortization	509,091	383,841	-	892,932
Total Subscription IT Assets, Net	\$ 915,754	\$ (130,305)	\$ -	\$ 785,449
Total Lease and Subscription IT Assets, Net	\$ 5,668,312	\$ (906,337)	\$ -	\$ 4,761,975

C. Other capital assets, net of depreciation/amortization:

Depreciated Capital Assets, Net	\$ 60,696,994
Amortized Lease and Subscription IT Assets, Net	4,761,975
Total Other Capital Assets, Net	\$ 65,458,969

(IX.) (Continued)

D. Depreciation/Amortization expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Administration	\$ 186,688	\$ 2,488,450	\$ 2,675,138
Career and Tech Education	1,628,051	-	1,628,051
Instruction for the Handicapped	3,765,955	-	3,765,955
Itinerant Services	269,733	-	269,733
General Instruction	34,119	-	34,119
Instructional Support	243,982	-	243,982
Other Services	309,002	383,841	692,843
Total Depreciation and Amortiation Expense	\$ 6,437,530	\$ 2,872,291	\$ 9,309,821

X. **Long-Term Obligations**

Long-term liability balances and activity for the year are summarized below:

<u>Governmental Activities:</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>	<u>Due Within One Year</u>
<u>Bonds and Notes Payable -</u>					
Installment Purchase Debt	\$ 4,328,580	\$ 8,304,766	\$ 3,410,770	\$ 9,222,576	\$ 3,890,589
Lease Liability	5,095,891	1,712,832	2,356,954	4,451,769	1,236,885
SBITA's	745,838	-	205,892	539,946	219,736
Total Bonds and Notes Payable	\$ 10,170,309	\$ 10,017,598	\$ 5,973,616	\$ 14,214,291	\$ 5,347,210
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 16,390,848	\$ -	\$ 1,109,064	\$ 15,281,784	\$ -
OPEB Liability	111,192,338	11,256,923	-	122,449,261	-
Retainage Payable	-	39,322	-	39,322	39,322
Compensated Absences *	17,809,241	-	123,113	17,686,128	6,050,957
Total Other Liabilities	\$ 145,392,427	\$ 11,296,245	\$ 1,232,177	\$ 155,456,495	\$ 6,090,279
Total Long-Term Obligations	\$ 155,562,736	\$ 21,313,843	\$ 7,205,793	\$ 169,670,786	\$ 11,437,489

* The change in compensated absences above is a net change for the year.

<u>Year</u>	<u>Installment Purchase Debt</u>		<u>Leases</u>		<u>SBITAs</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,890,589	\$ 240,645	\$ 1,236,885	\$ 165,730	\$ 219,736	\$ 17,156
2027	2,795,988	257,154	576,117	127,581	156,406	7,397
2028	2,102,495	117,872	485,939	104,477	163,804	-
2029	313,795	15,734	519,217	81,342	-	-
2030	119,709	5,026	278,052	64,763	-	-
2031-35	-	-	1,355,559	121,675	-	-
Total	\$ 9,222,576	\$ 636,431	\$ 4,451,769	\$ 665,568	\$ 539,946	\$ 24,553

XI. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 21,486,972	\$ 8,074,063
Leases	-	48,200,790
OPEB	11,608,794	79,733,511
Total	<u>\$ 33,095,766</u>	<u>\$ 136,008,364</u>

XII. Pension Plans

A. General Information

The BOCES participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The BOCES also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

(XII.) (Continued)

C. **Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The BOCES paid 100% of the required contributions as billed by the TRS and ERS for the current year.

The BOCES' share of the required contributions, based on covered payroll paid for the BOCES' year ended June 30, 2025:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ 4,731,423	\$ 4,425,677

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2025, the BOCES reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The BOCES' proportion of the net pension asset/(liability) was based on a projection of the BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the BOCES.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (15,281,784)	\$ 5,578,315
District's portion of the Plan's total net pension asset/(liability)	0.089129%	0.186965%

For the year ended June 30, 2025, the BOCES recognized pension expenses of \$3,258,170 for ERS and \$3,058,654 for TRS. At June 30, 2025, the BOCES' reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(XII.) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 3,793,042	\$ 6,006,820	\$ 178,920	\$ -
Changes of assumptions	640,888	3,336,963	-	561,308
Net difference between projected and actual earnings on pension plan investments	1,198,966	-	-	6,197,983
Changes in proportion and differences between the District's contributions and proportionate share of contributions	804,978	349,157	945,365	190,487
Subtotal	\$ 6,437,874	\$ 9,692,940	\$ 1,124,285	\$ 6,949,778
BOCES' contributions subsequent to the measurement date	1,528,438	3,827,720	-	-
Grand Total	\$ 7,966,312	\$ 13,520,660	\$ 1,124,285	\$ 6,949,778

BOCES contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ -	\$ (2,871,524)
2026	2,571,141	6,879,859
2027	3,988,655	(1,035,780)
2028	(1,306,694)	(1,236,387)
2029	60,487	729,207
Thereafter	-	277,787
Total	\$ 5,313,589	\$ 2,743,162

E. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.90%	6.95%
Salary scale	4.30%	4.40%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

(XII.) (Continued)

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 for ERS and June 30, 2024 for TRS are summarized as follows:

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
<u>Asset Type -</u>		
Domestic equity	3.54%	6.60%
International equity	6.57%	7.40%
Global equity	n/a	6.90%
Private equity	7.25%	10.00%
Real estate	4.95%	6.30%
Opportunistic portfolios	5.25%	n/a
Real assets	5.55%	n/a
Global bonds	n/a	2.50%
Cash	0.25%	0.50%
Private debt	n/a	5.90%
Real estate debt	n/a	3.90%
High-yield bonds	n/a	4.80%
Domestic fixed income	n/a	2.60%
Fixed income	2.00%	n/a
Credit	5.40%	n/a

The real rate of return is net of the long-term inflation assumption of 2.90% for ERS and 2.40% for TRS.

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(XII.) (Continued)

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the BOCES's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the BOCES's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current assumption :

<u>ERS</u>	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (44,227,407)	\$ (15,281,784)	\$ 8,887,830

<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (25,766,557)	\$ 5,578,315	\$ 31,940,193

H. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<u>(In Thousands)</u>	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ 247,600,239	\$ 142,837,827
Plan net position	230,454,512	145,821,435
Employers' net pension asset/(liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.08%	102.10%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$1,528,438.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$4,425,677.

XIII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The BOCES’ defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the BOCES. The plan is a single-employer defined benefit OPEB plan administered by the BOCES. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the BOCES Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The BOCES provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the BOCES offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,253
Active Employees	1,268
Total	<u><u>2,521</u></u>

B. Total OPEB Liability

The BOCES’ total OPEB liability of \$122,449,261 was measured as of March 31, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	3.30% average including inflation
Discount Rate	4.39%
Healthcare Cost Trend Rates	5.30% for 2025, decreasing to an ultimate rate of 3.71% after 2075
Retirees' Share of Benefit-Related Costs	100% of future retirees eligible for an employer subsidy. 20% of future retirees required to pay 100% of premiums

The discount rate was based on Fidelity Municipal Go AA 20 year bond rate as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the Mortality Improvement Scale MP-2020, as appropriate, with adjustments for mortality improvements based on Scale AA.

(XIII.) (Continued)

C. **Changes in the Total OPEB Liability**

Balance at June 30, 2024	\$ 111,192,338
<u>Changes for the Year -</u>	
Service cost	\$ 2,440,166
Interest	4,312,753
Changes of benefit terms	6,654,591
Differences between expected and actual experience	8,123,925
Changes in assumptions or other inputs	(5,002,643)
Benefit payments	(5,271,869)
Net Changes	<u>\$ 11,256,923</u>
Balance at June 30, 2025	<u>\$ 122,449,261</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.98% in 2024 to 4.39% in 2025 as well as updated premiums information and healthcare cost trend rate changes.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the BOCES, as well as what the BOCES’ total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.39%) or 1-percentage-point higher (5.39%) than the current discount rate:

	1% Decrease (3.39%)	Discount Rate (4.39%)	1% Increase (5.39%)
Total OPEB Liability	\$ 138,749,882	\$ 122,449,261	\$ 109,030,573

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – Healthcare costs can be subject to considerable volatility over time. The following exhibit demonstrates the effect on liabilities of a 1% change in healthcare cost trend rates.

	1% Decrease (4.30%) Increasing to 2.71%)	Healthcare Cost Trend Rates (5.30%) Increasing to 3.71%)	1% Increase (6.30%) Increasing to 4.71%)
Total OPEB Liability	\$ 107,357,430	\$ 122,449,261	\$ 141,172,230

D. **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the BOCES recognized OPEB expense of (\$3,409,871). At June 30, 2025, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(XIII.) (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,290,827	\$ 55,985,649
Changes of assumptions	-	23,747,862
Contributions after measurement date	1,317,967	-
Total	\$ 11,608,794	\$ 79,733,511

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	
2026	\$ (16,515,045)
2027	(16,656,537)
2028	(17,222,498)
2029	(14,931,641)
2030	(4,524,091)
Thereafter	407,128
Total	\$ (69,442,684)

XIV. Risk Management

A. General Information

The BOCES is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Health Plan

The BOCES is a Participant of and incurs costs related to the Rochester Area School Health Plan (Plan I) and Rochester Area School Health Plan II Municipal Cooperative Health Benefit Plan (Plan II). Plan I and Plan II are sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES) and its component districts. Plan I and Plan II objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

1. Plan I

Plan I was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 1986. Membership in Plan I may be offered to any component district of the Board of Cooperative Educational Services, First Supervisory District of Monroe County (Monroe 1 BOCES) or Monroe 2-Orleans BOCES with the unanimous approval of the Board of Directors. Membership of new Participants becomes effective on the first day of the calendar month following the adoption by the Board of Directors of the resolution to accept a new Participant. Current membership of Plan I includes nineteen (19) Participants with the BOCES bearing an equal and proportionate share of Plan I's assets and claim liabilities.

(XIV.) (Continued)

Voluntary withdrawal from Plan I is subject to the following constraints:

1. Effective only once annually on the last day of the Plan year.
2. Notice of intention to withdrawal must be given in writing to the Chairman of the Board of Directors and Treasurer not less than thirty (30) days prior to the end of the Plan year. Failure to provide at least thirty (30) days' notice, will result in continued membership in the plan for another year unless all other Participants consent to such withdrawal.

Pursuant to the Municipal Cooperative Agreement, Plan I is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a Participant, and no assessments are charged to a Participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

Plan I purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid. Plan I establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2025, the BOCES incurred premiums or contribution expenditures totaling \$399,457.

Plan I is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The most recent audit available for the year ended December 31, 2024, revealed that Plan I is fully funded.

2. Plan II

Plan II was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. Plan II received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2024.

Membership in Plan II may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. Membership of new Participants becomes effective on the first day of the calendar month following a majority vote of the entire Board of Directors and the adoption by the Board of Directors of a resolution to accept the municipal corporation as a Participant. Current membership of Plan II includes nineteen (19) Participants with the BOCES bearing an equal and proportionate share of Plan II's assets and claim liabilities.

Voluntary withdrawal from Plan II is subject to the following constraints:

1. Effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice.

(XIV.) (Continued)

2. Notice of intention of a Participant withdraw must be given in writing to the Chairperson and the Treasurer by April 1st of the Plan Year immediately preceding the January 1st withdrawal date. Failure to provide the required written notices in a timely manner will result in continued membership in Plan II for another year unless the Board of Directors consent to such withdrawal.
3. Participant is responsible for pro-rata share of any Plan II deficit and shall satisfy any other obligation relating to the Participant's membership in the Plan.
4. Participant is not entitled to any share of Plan II surplus.

Pursuant to the Municipal Cooperative Agreement as signed by the Participants, Plan II is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under Plan II is established and approved by a majority of the entire Board of Directors. Each Participant is required to contribute to Plan II an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. In addition to paying on demand their applicable Premium Equivalent payments, each Participant shall pay on demand such Participant's share of any Assessment Contribution ordered by the Board of Directors. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

Plan II purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid. Plan II establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2025, the BOCES incurred premiums or contribution expenditures totaling \$24,306,178.

Plan II is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The most recent audit available for the year ended December 31, 2024, revealed that the Plan is fully funded.

C. Workers' Compensation

The BOCES is a Participant in the Rochester Area School Workers' Compensation Plan (Plan). The Plan is sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES) and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings and to provide for risk management to reduce future liability for workers compensation. Membership in the Plan may be offered to any component district of the Board of Cooperative Educational Services, First Supervisory District of Monroe County (Monroe 1 BOCES) and Monroe 2-Orleans BOCES with the approval of the Board of Directors. Current membership of the Plan includes Participants from nineteen (19) municipal corporations.

Voluntary withdrawal from the Plan is subject to the following constraints:

1. Notice on intention to withdraw must be given in writing to the Chairman of the Board of Directors and Treasurer not less than one-hundred twenty (120) days prior to the end of the Plan year.
2. Participant is not entitled to any share of Plan surplus.

(XIV.) (Continued)

If a surplus of Participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan Participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if the Board of Directors determines that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board of Directors shall determine the amount needed to meet such deficiency and shall assess such amount against all Participants their pro-rata share, such additional assessment is due within sixty (60) days after written notification from the Board of Directors.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2025, the BOCES incurred premiums or contribution expenditures totaling \$1,205,868.

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The most recent audit available for the year ended June 30, 2024, revealed that the Plan was fully funded.

D. Dental Coverage

The BOCES self-insures for dental coverage for its employees. The BOCES uses a third party administrator who is responsible for processing claims and estimating liabilities. The BOCES does not carry excess insurance coverage relative to this Plan. The BOCES records expenditures as claims are presented for payment in accordance with the BC/BS schedule of allowances. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Beginning liabilities	\$ 136,740	\$ 149,529
Premiums collected	1,237,485	1,182,615
Claims payments	(1,228,303)	(1,195,404)
Ending liabilities	<u>\$ 145,922</u>	<u>\$ 136,740</u>

E. Unemployment

BOCES employees are entitled to coverage under the New York State Unemployment Insurance Law. The BOCES has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The BOCES has established a self-insurance fund to pay these claims. The claim and judgement expenditures of this program for the 2024-25 fiscal year totaled \$69,853. The balance of the fund at June 30, 2025 was \$433,062 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2025, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XV. Commitments and Contingencies

A. Litigation

There is no litigation pending as of the balance sheet date.

B. Grants

The BOCES has received grants, which are subject to audit by agencies of the State and Federal Governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the BOCES' administration believes disallowances, if any, will be immaterial.

XVI. Related Parties-Foundation

The BOCES is currently renting buildings from Monroe #1 BOCES Education Foundation under long-term operating lease agreements. The original lease was for 10 years with an option to renew for an additional 10 years. The lease began on July 1, 2005 and was renewed in June 2015 and ended June 30, 2025. The rent for all locations was \$1,179,380 as of June 30, 2025.

Lease payments for the Foundation consist of the following:

	Monthly <u>Rent</u>	Annual <u>Rent</u>
11 Linden Park	\$ 10,456	\$ 125,466
15 Linden Park	10,456	125,466
25 O'Connor Road	46,004	552,050
38-40 O'Connor Road	31,366	376,398
Total	<u>\$ 98,282</u>	<u>\$ 1,179,380</u>

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Schedule of Changes in BOCES' Total OPEB Liability and Related Ratio
For Year Ended June 30, 2025

TOTAL OPEB LIABILITY									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 2,440,166	\$ 3,529,051	\$ 5,485,637	\$ 6,059,049	\$ 6,250,452	\$ 5,757,606	\$ 5,734,983	\$ 5,724,372	\$ 5,363,425
Interest	4,312,753	5,590,677	6,277,396	5,006,887	4,999,974	6,185,549	7,442,824	7,309,804	5,960,533
Changes in benefit terms	6,654,591	-	-	-	-	-	-	(731,295)	-
Differences between expected and actual experiences	8,123,925	(36,276,667)	(54,361,685)	16,814,078	10,083,044	(16,374,266)	(32,737,553)	1,997,692	20,065,679
Changes of assumptions or other inputs	(5,002,643)	(6,023,167)	(23,527,509)	(19,383,946)	4,066,483	30,898,729	(2,007,269)	4,865,004	(12,425,188)
Benefit payments	(5,271,869)	(5,831,874)	(6,674,266)	(6,252,694)	(5,161,067)	(4,815,548)	(5,367,025)	(4,888,495)	(4,410,972)
Net Change in Total OPEB Liability	\$ 11,256,923	\$ (39,011,980)	\$ (72,800,427)	\$ 2,243,374	\$ 20,238,886	\$ 21,652,070	\$ (26,934,040)	\$ 14,277,082	\$ 14,553,477
Total OPEB Liability - Beginning	\$ 111,192,338	\$ 150,204,318	\$ 223,004,745	\$ 220,761,371	\$ 200,522,485	\$ 178,870,415	\$ 205,804,455	\$ 191,527,373	\$ 176,973,896
Total OPEB Liability - Ending	\$ 122,449,261	\$ 111,192,338	\$ 150,204,318	\$ 223,004,745	\$ 220,761,371	\$ 200,522,485	\$ 178,870,415	\$ 205,804,455	\$ 191,527,373
Covered Employee Payroll	\$ 64,173,722	\$ 62,027,355	\$ 59,912,446	\$ 63,228,423	\$ 61,125,688	\$ 53,551,682	\$ 51,881,110	\$ 50,218,866	\$ 50,218,866
Total OPEB Liability as a Percentage of Covered Employee Payroll	190.81%	179.26%	250.71%	352.70%	361.16%	374.45%	344.77%	409.82%	381.39%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Schedule of the BOCES' Proportionate Share of the Net Pension Liability
For Year Ended June 30, 2025

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.089129%	0.096847%	0.096135%	0.092042%	0.102747%	0.106483%	0.110820%	0.107909%	0.106898%	0.105707%
Proportionate share of the net pension liability (assets)	\$ 15,281,784	\$ 14,259,774	\$ 20,615,170	\$ (7,524,042)	\$ 102,309	\$ 28,197,203	\$ 7,851,901	\$ 3,482,713	\$ 10,044,416	\$ 16,966,323
Covered-employee payroll	\$ 32,323,568	\$ 31,895,153	\$ 30,917,488	\$ 29,520,323	\$ 32,586,802	\$ 32,807,317	\$ 33,513,627	\$ 32,216,821	\$ 31,504,718	\$ 30,222,033
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	47.278%	44.708%	66.678%	(25.488%)	0.314%	85.948%	23.429%	10.810%	31.882%	56.139%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%
NYSTRS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.186965%	0.186350%	0.188588%	0.190231%	0.204360%	0.197860%	0.192800%	0.191966%	0.188130%	0.180201%
Proportionate share of the net pension liability (assets)	\$ (5,578,315)	\$ 2,131,074	\$ 3,618,801	\$ (32,965,289)	\$ 5,647,009	\$ (5,140,413)	\$ (3,486,337)	\$ (1,459,133)	\$ 2,014,952	\$ (18,717,121)
Covered-employee payroll	\$ 37,860,732	\$ 35,704,355	\$ 34,417,279	\$ 33,399,906	\$ 33,222,431	\$ 31,683,106	\$ 29,933,726	\$ 30,412,082	\$ 29,017,154	\$ 26,964,590
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	(14.734%)	5.969%	10.514%	(98.699%)	16.998%	(16.224%)	(11.647%)	(4.798%)	6.944%	(69.414%)
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Schedule of BOCES Contributions
For Year Ended June 30, 2025

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 4,731,423	\$ 3,995,669	\$ 3,440,716	\$ 4,590,507	\$ 4,907,005	\$ 4,858,374	\$ 4,481,452	\$ 4,519,802	\$ 4,283,885	\$ 4,799,041
Contributions in relation to the contractually required contribution	<u>(4,731,423)</u>	<u>(3,995,669)</u>	<u>(3,440,716)</u>	<u>(4,590,507)</u>	<u>(4,907,005)</u>	<u>(4,858,374)</u>	<u>(4,481,452)</u>	<u>(4,519,802)</u>	<u>(4,283,885)</u>	<u>(4,799,041)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 32,323,568	\$ 31,895,153	\$ 30,917,488	\$ 29,520,323	\$ 32,586,802	\$ 32,807,317	\$ 33,513,627	\$ 32,216,821	\$ 31,504,718	\$ 30,222,033
Contributions as a percentage of covered-employee payroll	14.64%	12.53%	11.13%	15.55%	15.06%	14.81%	13.37%	14.03%	13.60%	15.88%
NYSTRS Pension Plan										
	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	4,425,677	\$ 4,000,092	\$ 4,022,415	\$ 3,728,905	\$ 3,553,542	\$ 3,729,135	\$ 3,423,404	\$ 3,078,086	\$ 3,565,259	\$ 4,457,158
Contributions in relation to the contractually required contribution	<u>(4,425,677)</u>	<u>(4,000,092)</u>	<u>(4,022,415)</u>	<u>(3,728,905)</u>	<u>(3,553,542)</u>	<u>(3,729,135)</u>	<u>(3,423,404)</u>	<u>(3,078,086)</u>	<u>(3,565,259)</u>	<u>(4,457,158)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 37,860,732	\$ 35,704,355	\$ 34,417,279	\$ 33,399,906	\$ 33,222,431	\$ 31,683,106	\$ 29,933,726	\$ 30,412,082	\$ 29,017,154	\$ 26,964,590
Contributions as a percentage of covered-employee payroll	11.69%	11.20%	11.69%	11.16%	10.70%	11.77%	11.44%	10.12%	12.29%	16.53%

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2025

<u>REVENUES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenues</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 10,903,915	\$ 9,505,570	\$ 8,996,926	\$ (508,644)
Career and Tech Education 100-199	11,012,429	10,337,403	10,328,117	(9,286)
Instruction for Handicapped 200-299	67,292,268	65,779,622	65,864,774	85,152
Itinerant 300-399	28,974,755	28,124,785	28,174,651	49,866
General Instruction 400-499	2,703,580	4,817,719	4,832,747	15,028
Instructional Support 500-599	17,401,101	21,633,404	18,719,405	(2,913,999)
Other Services 600-699	<u>37,903,564</u>	<u>63,737,000</u>	<u>57,960,496</u>	<u>(5,776,504)</u>
TOTAL REVENUES	<u>\$ 176,191,612</u>	<u>\$ 203,935,503</u>	<u>\$ 194,877,116</u>	<u>\$ (9,058,387)</u>

Required Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2025

<u>EXPENDITURES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 10,903,915	\$ 9,505,570	8,135,200	\$ 168,481	\$ 1,201,889
Career and Tech Education 100-199	11,012,429	10,337,403	10,244,389	48,069	44,945
Instruction for Handicapped 200-299	67,292,268	65,779,622	64,837,553	116,456	825,613
Itinerant 300-399	28,974,755	28,124,785	27,053,666	34,624	1,036,495
General Instruction 400-499	2,703,580	4,817,719	4,545,731	1,204	270,784
Instructional Support 500-599	17,401,101	21,633,404	21,432,072	5,048	196,284
Other Services 600-699	<u>37,903,564</u>	<u>63,737,000</u>	<u>60,802,252</u>	<u>511,751</u>	<u>2,422,997</u>
TOTAL EXPENDITURES	<u>\$ 176,191,612</u>	<u>\$ 203,935,503</u>	<u>\$ 197,050,863</u>	<u>\$ 885,633</u>	<u>\$ 5,999,007</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,173,747)</u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	Capital Projects Fund	Special Revenue Funds		Total Nonmajor Governmental Funds
		Special Aid Fund	School Lunch Fund	
ASSETS				
Cash and cash equivalents	\$ 6,882,307	\$ 192,704	\$ 52,961	\$ 7,127,972
Due from other funds	-	-	19,156	19,156
Receivables	-	1,475,292	94,104	1,569,396
Due from Districts	-	(8,260)	-	(8,260)
Inventories	-	-	22,899	22,899
TOTAL ASSETS	\$ 6,882,307	\$ 1,659,736	\$ 189,120	\$ 8,731,163
LIABILITIES AND FUND BALANCE				
<u>Liabilities</u> -				
Accounts payable	\$ 221,962	\$ 36,772	\$ 4,972	\$ 263,706
Accrued liabilities	-	6,159	2,682	8,841
Due to other funds	-	1,318,225	-	1,318,225
Unearned revenues	-	96,648	-	96,648
TOTAL LIABILITIES	\$ 221,962	\$ 1,457,804	\$ 7,654	\$ 1,687,420
<u>Fund Balances</u> -				
Nonspendable	\$ -	\$ -	\$ 22,899	\$ 22,899
Assigned	6,660,345	201,932	158,567	7,020,844
TOTAL FUND BALANCE	\$ 6,660,345	\$ 201,932	\$ 181,466	\$ 7,043,743
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,882,307	\$ 1,659,736	\$ 189,120	\$ 8,731,163

Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2025

	<u>Formerly Major Capital Projects Fund</u>	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
		<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	
REVENUES				
Charges for services	\$ -	\$ 44,075	\$ -	\$ 44,075
Charges to components	-	2,778,583	-	2,778,583
Charges to non-components and other BOCES	-	2,206,060	-	2,206,060
Interest and earnings	229,304	-	-	229,304
Miscellaneous	-	150,699	95	150,794
Interfund revenues	1,657,216	-	223,682	1,880,898
Sales (school lunch)	-	-	34,765	34,765
State sources	-	3,205,664	10,040	3,215,704
Federal sources	-	286,595	499,058	785,653
TOTAL REVENUES	\$ 1,886,520	\$ 8,671,676	\$ 767,640	\$ 11,325,836
EXPENDITURES				
Career and tech education	-	\$ 330,670	\$ -	\$ 330,670
Instruction for the handicapped	-	7,030,256	-	7,030,256
Instructional support	-	804,147	-	804,147
Other services	-	121,107	-	121,107
Cost of sales	-	-	254,852	254,852
Other expenses	-	-	429,424	429,424
Capital outlay	11,028,122	-	-	11,028,122
Debt service principal	-	249,323	-	249,323
Debt service interest	-	12,311	-	12,311
TOTAL EXPENDITURES	\$ 11,028,122	\$ 8,547,814	\$ 684,276	\$ 20,260,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (9,141,602)	\$ 123,862	\$ 83,364	\$ (8,934,376)
OTHER FINANCING SOURCES (USES)				
Proceeds from obligation	\$ 10,017,598	\$ -	\$ -	\$ 10,017,598
TOTAL OTHER FINANCING SOURCES (USES)	\$ 10,017,598	\$ -	\$ -	\$ 10,017,598
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 875,996	\$ 123,862	\$ 83,364	\$ 1,083,222
FUND BALANCE, BEGINNING OF YEAR, as previously reported	\$ -	78,070	98,102	176,172
Changes within financial reporting entity major to nonmajor	5,784,349	-	-	5,784,349
FUND BALANCE, BEGINNING OF YEAR, as adjusted	\$ 5,784,349	\$ 78,070	\$ 98,102	\$ 5,960,521
FUND BALANCE, END OF YEAR	\$ 6,660,345	\$ 201,932	\$ 181,466	\$ 7,043,743

Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
Analysis of Account A431 - School Districts
For Year Ended June 30, 2025

	2025
July 1, 2024 - DEBIT (CREDIT) BALANCE	\$ 14,191,198
 DEBITS:	
Billings to school districts	\$ 199,963,918
Refund of balances made to school districts	7,882,846
Encumbrances - June 30, 2025	885,633
Total Debits	\$ 208,732,397
TOTAL	\$ 222,923,595
 CREDITS:	
Collections from school districts	\$ 203,034,668
Adjustment - credits to school districts - revenues in excess of expenditures	(2,173,747)
Nonspendable - deferred expenditures	123,189
Change in deferred inflows	7,576,569
Other Adjustments - miscellaneous	167
Encumbrances - June 30, 2024	2,483,049
Total Credits	\$ 211,043,895
June 30, 2025 - DEBIT (CREDIT) BALANCE	\$ 11,879,700

Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
CAPITAL PROJECTS FUND SCHEDULE OF
PROJECT EXPENDITURES
For Year Ended June 30, 2025

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended</u> <u>Balance</u>	<u>Methods of Financing</u>			<u>Fund</u> <u>Balance</u>
	<u>Original</u> <u>Appropriation</u>	<u>Revised</u> <u>Appropriation</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local</u> <u>Sources</u>	<u>Total</u>	
Harris Building	\$ -	\$ 767,857	\$ 30,827	\$ 153,246	\$ 184,073	\$ 583,784	\$ -	\$ 767,857	\$ 767,857	\$ 583,784
Foreman Center - Electric	-	2,502,199	62,173	108,006	170,179	2,332,020	-	2,502,199	2,502,199	2,332,020
Foreman Center - Renovation	-	1,865,351	71,811	749,272	821,083	1,044,268	-	1,865,351	1,865,351	1,044,268
Unassigned capital project	-	-	-	-	-	-	-	2,700,273	2,700,273	2,700,273
Leases	-	1,712,832	-	1,712,832	1,712,832	-	1,712,832	-	1,712,832	-
Installment purchase debt	-	8,304,766	-	8,304,766	8,304,766	-	8,304,766	-	8,304,766	-
TOTAL	\$ -	\$ 15,153,005	\$ 164,811	\$ 11,028,122	\$ 11,192,933	\$ 3,960,072	\$ 10,017,598	\$ 7,835,680	\$ 17,853,278	\$ 6,660,345

Supplementary Information
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FIRST SUPERVISORY DISTRICT OF MONROE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2025

<u>Grantor / Pass - Through Agency</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency Number</u>	<u>Total Expenditures</u>
U.S. Department of Education:			
<u>Passed Through NYS Education Department -</u>			
Perkins IV/CTEIA - Basic Grant	84.048	8000-25-0047	\$ 286,595
Total U.S. Department of Education			<u>\$ 286,595</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>			
<u>Child Nutrition Cluster -</u>			
National School Lunch Program	10.555	005503	\$ 300,793
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	005503	27,977
National School Breakfast Program	10.553	005503	170,288
Total Child Nutrition Cluster			<u>\$ 499,058</u>
Total U.S. Department of Agriculture			<u>\$ 499,058</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 785,653</u>



BUSINESS
ADVISORS
AND CPAS

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Board Members
Board of Cooperative Educational Services
First Supervisory District of Monroe County, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Board of Cooperative Educational Services First Supervisory District of Monroe County, New York (the BOCES) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated October 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BOCES' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of the BOCES' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about the BOCES' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York
October 6, 2025

Mengel, Metzger, Barw & Co. LLP